



COUNTY OF LOS ANGELES

FIRE DEPARTMENT

1320 NORTH EASTERN AVENUE
LOS ANGELES, CALIFORNIA 90063-3294

(323) 881-2401

P. MICHAEL FREEMAN
FIRE CHIEF
FORESTER & FIRE WARDEN
April 19, 2005

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Dear Supervisors:

**APPROVE THE FIRE DISTRICT'S RECOMMENDED SPENDING PLAN FOR MAJOR
EXPENDITURES, AUTHORIZE THE PURCHASING AGENT TO PROCEED WITH THE
AWARD AND ACQUISITION OF FIRE ENGINES AND QUINTS, AND APPROVE
RELATED APPROPRIATION ADJUSTMENTS
(ALL DISTRICTS) (4 VOTES)**

**IT IS RECOMMENDED THAT YOUR HONORABLE BOARD, ACTING AS THE GOVERNING BODY
OF THE CONSOLIDATED FIRE PROTECTION DISTRICT:**

1. Approve the Fire Protection District's recommended Spending Plan for Major Expenditures (Attachment I) and authorize the District to move forward with the acquisition process for equipment identified in the Spending Plan.
2. Approve the Appropriation Adjustment (Attachment II) to transfer \$30 million from the District's Appropriation for Contingencies to establish a Designation for Budget Uncertainties.
3. Approve the Appropriation Adjustment (Attachment III) to transfer \$22 million from various appropriation accounts to the District's Helicopter ACO Fund to payoff the remaining principal of the Firehawk helicopter lease-purchase of \$14 million and fund the cash purchase of one Bell 412EP helicopter for \$8 million.
4. Authorize the Purchasing Agent to proceed with the award and acquisition of the 60 engines and 7 quints to the lowest responsive bidder; and approve the necessary Appropriation Adjustment (Attachment IV) to transfer \$26.4 million from various appropriation accounts to fund the acquisition of the engines and quints, along with ancillary radios and loose equipment, totaling \$28 million. \$1.6 million of appropriation is currently available in the District's Services and Supplies Budget.

SERVING THE UNINCORPORATED AREAS OF LOS ANGELES COUNTY AND THE CITIES OF:

AGOURA HILLS
ARTESIA
AZUSA
BALDWIN PARK
BELL
BELL GARDENS
BELLFLOWER

BRADBURY
CALABASAS
CARSON
CERRITOS
CLAREMONT
COMMERCE
COVINA

CUDAHY
DIAMOND BAR
DUARTE
EL MONTE
GARDENA
GLEN DORA
HAWAIIAN GARDENS

HAWTHORNE
HIDDEN HILLS
HUNTINGTON PARK
INDUSTRY
INGLEWOOD
IRVINDALE
LA CANADA-FLINTRIDGE

LA MIRADA
LA PUENTE
LAKEWOOD
LANCASTER
LAWNDAL
LOMITA
LYNWOOD

MALIBU
MAYWOOD
NORWALK
PALMDALE
PALOS VERDES ESTATES
PARAMOUNT
PICO RIVERA

POMONA
RANCHO PALOS VERDES
ROLLING HILLS
ROLLING HILLS ESTATES
ROSEMEAD
SAN DIMAS
SANTA CLARITA

SIGNAL HILL
SOUTH EL MONTE
SOUTH GATE
TEMPLE CITY
WALNUT
WEST HOLLYWOOD
WESTLAKE VILLAGE
WHITTIER

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTIONS

Approval of the recommendations now before your Board will allow the Fire District to implement the Spending Plan for major expenditures, which includes the following:

- Designation for Budget Uncertainties at an amount equal to approximately 4% of total expenditures. This fund, which has the support of both the Chief Administrative Officer and Auditor Controller, will be used to pay for unanticipated expenditures and/or revenue shortfalls as needed, and will serve as a prudent budgetary reserve.
- Utilization of District funds to pay the remaining principal of the financing package for the Board approved Firehawk helicopter purchase made in 2003-04 using Measure B funds to be reallocated as indicated below.
- Purchase of two Bell 412EP helicopters, to replace the two oldest helicopters in the District's air fleet; one to be cash-purchased by the District and the other financed over 10 years using Measure B funds reallocated from the Firehawk lease-purchase, at a reduced funding level.
- Replacement of 60 engines and 7 quints (fire trucks), along with regular annual replacement of engines/quints beginning in 2006-07.
- Purchase of personal protective equipment for fire fighters, including SCBA escape canisters, additional turnouts and brush helmets.
- Establishment of Capital projects including the replacement headquarter facility, refurbishment of the camps and the Barton Heliport, replacement fire shops, and construction of new fire stations in the cities of Palmdale and La Habra/La Mirada.
- Implementation of the first phase in replacement of the District's voice and data emergency communications system.

As indicated in the attached Plan, these actions will be accomplished in one of three ways: (1) cash purchase for which funding is immediately available; (2) establish Designations for cash purchase to occur in a subsequent fiscal year, or (3) multi-year financing for items where cash purchase is not feasible due to limited funds or scheduled commencement of the project.

The items included in the Spending Plan for major expenditures will ensure the District's ability to provide effective public safety services and address the District's deferred and future infrastructure growth needs.

Background

In recent years, the Fire District experienced a series of budget curtailments that required contingency planning in order to stabilize its financial position and maintain services in the event that the ERAF lawsuit against the State proved unsuccessful. During this period of austerity, several major acquisitions were deferred creating unmet needs of the District. With the successful resolution of the ERAF lawsuit and increased property tax revenues, these deferred and unmet needs can now be addressed.

Based on our assessment of the needs of the District, and in accordance with the Auditor-Controller's recent review and recommendations, the Spending Plan has been structured to use the 2004-05 projected fund balance for necessary major expenditures, including a designation for budget uncertainties, with the goal of closing each fiscal year with a minimal ending fund balance. This plan covers a three-year period which is consistent with our budgetary forecasts, and will be updated as the forecasts are periodically updated to reflect the most current actual data and future expense projections.

The funding for the 2004-05 expenditures is presented to your Board in the Appropriation Adjustments included in Attachments II-IV. Major expenditures for 2005-06 and 2006-07 based on the District's projected fiscal forecast for these years will be funded through the respective year's budget process.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

Approval of the recommended actions supports the County's Strategic Plan Goal #2 for Workforce Excellence and Goal #4 for Fiscal Responsibility, by enhancing the quality and productivity of the District's emergency services in a cost-effective manner.

FISCAL IMPACT/FINANCING

The Fire District proposes to utilize \$80 million of available funds in 2004-05 fiscal year, \$34.4 million and \$38 million in projected funds in 2005-06 and 2006-07, respectively. With your Board's approval of the attached appropriation adjustments, the Fire District will be able to proceed with the major expenditures outlined in the attached Spending Plan for the current fiscal year. Expenditures for 2005-06 will be addressed with the Final Changes to the Proposed Budget, and expenditures identified for 2006-07 will be addressed in the 2006-07 Budget process.

As part of the Spending Plan, the District is recommending the purchase of two replacement Bell 412 helicopters, one to be cash purchased by the District and the other financed for 10 years using Measure B funds. As discussed with the Department of Health Services, the annual financing cost will be paid by reallocating the Measure B funds from the current Firehawk lease purchase of \$2 million, as approved by the Board on March 3, 2004, to a new Bell 412 lease purchase of approximately \$1 million. The recommended acquisition of the Bell 412 helicopters will be submitted for Board approval at a later date.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

Based on your Board's action on November 30, 2004, the Director of Internal Services has completed the solicitation of bids for 60 Engines and 7 Quints. And as further instructed by your Board, the District is returning to the Board for the authorization and approval of the District's recommended financing option for the engines and quints before proceeding with the actual acquisition. With the approval of the District's recommended Spending Plan and the Appropriation Adjustment (Attachment IV), the Purchasing Agent will be able to proceed with the award and acquisition to the lowest responsive bidder.

IMPACT ON CURRENT SERVICES

Approval of these recommendations will ensure the District's ability to provide effective and essential levels of public safety service to the residents of Los Angeles County.

CONCLUSION

Upon approval by the Board of Supervisors, please instruct the Executive Office to return adopted copies of this letter to:

1. Consolidated Fire Protection District of Los Angeles County
Financial Management Division
5801 S. Eastern Avenue, Suite 130
Commerce, CA 90040
Attention: Helen Jo, Chief, Financial Management Division

The Honorable Board of Supervisors

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2. Consolidated Fire Protection District of Los Angeles County
Materials Management Division
5801 S. Eastern Avenue, Suite 100
Commerce, CA 90040
Attention: James Ealey, Chief, Materials Management Division
3. Internal Services Department
Purchasing Division
1100 N. Eastern Avenue, Room 102
Los Angeles, CA 90063
Attention: Joe Sandoval, Division Manager

Respectfully submitted,

A handwritten signature in black ink, appearing to read "P. Michael Freeman", with a long horizontal flourish extending to the right.

P. MICHAEL FREEMAN

PMF:HEJ:trb

Attachments

c: Chief Administrative Officer
County Counsel
Executive Officer, Board of Supervisors
Auditor-Controller

ATTACHMENT I

SPENDING PLAN FOR MAJOR EXPENDITURES (\$ Amount in Millions)

	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
<u>EXPENDITURE ITEMS:</u>			
1. Designation for Budget Uncertainties (Approximately 4% of expenditures)	\$ 30.0 (D)		
<u>Helicopter Fleet</u>			
2. Firehawk Helicopter #3	\$ 14.0 (C)		
3. Replacement of two 412 Helicopters (Note 1)	\$ 8.0 (C)		
<u>Fire Engines/Trucks Fleet</u>			
4. One-time replacement of 60 Engines & 7 Quints (w/ radios & equipment)	\$ 28.0 (C)		
5. Ongoing Replacement of Engines/Quints (w/ radios & equipment)			\$ 5.0 (C)
<u>Equipment/Clothing for Fire Fighters</u>			
6. Personal Protective Equipment (Note 2)		\$ 3.4 (C)	
<u>Capital Projects</u>			
7. New Headquarters Facility (Note 3)			\$ 10.2 (D)
8. Replacement Fire Shops (Note 4)			\$ 1.3 (F)
9. Transfer to Cap Project-ACO Fund to address: Barton Heliport Refurbishment (\$7 m) Camps Refurbishment (\$2.5 m) Palmdale Fire Stations (\$10 m) La Mirada/La Habra Fire Station (\$3 m)		\$ 5.0 (T)	\$ 17.5 (T)
<u>Emergency Communications</u>			
10. Replacement Communication System (Note 5)		\$ 26.0 (D)	\$ 4.0 (D)
TOTAL EXPENDITURES:	\$ 80.0	\$ 34.4	\$ 38.0

BUDGET CODES:

- C:** Cash purchased in year indicated.
- F:** Financed over multiple years. Debt service begins in year indicated.
- D:** Designation established in year indicated, with actual purchase to occur as soon thereafter as applicable.
- T:** Transfer to Capital Projects-ACO Fund.

SPENDING PLAN FOR MAJOR EXPENDITURES
(*\$ Amount in Millions*)

NOTES:

1. Estimated cost of \$8 million for each helicopter. One to be cash financed by District and the other financed over 10 years using Measure B funds, at approximate annual financing cost of \$1 million.
2. Includes SCBA escape canisters, turnouts and brush helmets.
3. Estimated cost of \$42 million, cash down of \$10.2 million and balance of \$31.8 million financed over 25 years at approximate annual financing cost of \$2.5 million.
4. Estimated cost of \$15 million financed over 20 years at approximate annual financing cost of \$1.3 million.
5. Estimated cost of \$40 million for first phase of the District's voice and data emergency communications system.

ATTACHMENT II

APPROPRIATION ADJUSTMENT

4 - VOTES

FY 2004-05

FINANCIAL SOURCES

Fire Department
Financing Elements
Appropriation for Contingencies
DA1– FR-40109 – 3303
\$ 30,000,000

FINANCIAL USES

Fire Department
Financing Elements
Designation for Budget Uncertainties
DA1 – FR – 40109 – 3047
\$ 30,000,000

JUSTIFICATION:

The appropriation adjustment is necessary to establish the Department's Designation for Budget Uncertainties at an estimated 4% of expenditures.

ATTACHMENT III

**APPROPRIATION ADJUSTMENT
4 - VOTES
FY 2004-05**

FINANCIAL SOURCES

Fire Department
Executive
Salaries and Employee Benefits
DA1-FR-40129-1000
\$830,000

Fire Department
Administrative
Salaries and Employee Benefits
DA1- FR-40111 -1000
\$2,001,000

Fire Department
Prevention
Salaries and Employee Benefits
DA1-FR-40161-1000
\$2,607,000

Fire Department
Health Hazardous Materials
Salaries and Employee Benefits
DA1- FR-40177 -1000
\$1,279,000

Fire Department
Support Services
Salaries and Employee Benefits
DA1-FR-40191-1000
\$870,000

Fire Department
Operations
Salaries and Employee Benefits
DA1-FR-40215-1000
\$110,000

Fire Department
Special Operations
Salaries and Employee Benefits
DA1-FR-40041-1000
\$1,060,000

FINANCIAL USES

Fire Department
Special Operations
Operating Transfer Out
DA1-FR-40041-6100
\$22,000,000

Fire Department
Lifeguards
Salaries and Employee Benefits
DA1– FR-40055 –1000
\$3,649,000

Fire Department
Special Operations
Services and Supplies
DA1– FR-40041 – 2000
\$1,684,000

Fire Department
Operations
Services and Supplies
DA1-FR-40215-2000
\$1,676,000

Fire Department
Financing Elements
Property Taxes-Current
DA1– FR-40109 –8003
\$ 6,234,000

Fire Department
Helicopter ACO Fund
Operating Transfer In
BR5– FR-40730 –9911
\$ 22,000,000

Fire Department
Helicopter ACO Fund
Fixed Assets
BR5– FR-40730–6030
\$8,000,000

Fire Department
Helicopter ACO Fund
Other Charges
BR5-FR-40730-5500
\$14,000,000

JUSTIFICATION: The appropriation adjustment is necessary to transfer sufficient funds from the Fire District's Operating Budget to the Helicopter ACO Fund for the Board approved purchase of the Bell 412EP Helicopter and to payoff the remaining principal of the Firehawk Helicopter lease-purchase made in 2003-04.

ATTACHMENT IV**APPROPRIATION ADJUSTMENT
4 - VOTES
FY 2004-05****FINANCIAL SOURCES**

Fire Department
Operations
Salaries and Employee Benefits
DA1– FR-40215 – 1000
\$20,127,000

Fire Department
Support Services
Other Charges
DA1-FR-40191-5500
\$2,600,000

Fire Department
Financing Elements
Appropriation for Contingencies
DA1– FR-40109 – 3303
\$916,000

Fire Department
Administrative
Fixed Assets
DA1– FR-40111–6030
\$10,000

Fire Department
Prevention
Fixed Assets
DA1– FR-40161–6030
\$20,000

Fire Department
Health Hazardous Materials
Fixed Assets
DA1– FR-40177–6030
\$10,000

Fire Department
Operations
Fixed Assets
DA1– FR-40215–6030
\$309,000

FINANCIAL USES

Fire Department
Support Services
Fixed Assets
DA1 – FR – 40191 – 6030
\$ 25,000,000

Fire Department
Support Services
Services and Supplies
DA1-FR-40191-2000
\$1,400,000

Fire Department
Lifeguards
Fixed Assets
DA1– FR-40055–6030
\$5,000

Fire Department
Special Operations
Fixed Assets
DA1– FR-40041–6030
\$798,000

Fire Department
Prevention
Services and Supplies
DA-FR-40161-2000
\$205,000

Fire Department
Financing Elements
Services and Supplies
DA1-FR-40109-2000
\$1,300,000

Fire Department
Executive
Services and Supplies
DA1-FR-40129-2000
\$100,000

JUSTIFICATION: The appropriation adjustment is necessary for the Board approved purchase of 60 Engines and 7 Quints, along with ancillary radios and loose equipments.